

BUDGET & FINANCE COMMITTEE
FY 2010-2011 Departmental Budget Reviews

M I N U T E S

The FY 2010-2011 Departmental Budget Reviews of the Budget & Finance Committee of the Council of the County of Kaua'i, was called to order by Daryl W. Kaneshiro, Chair, at the Council Chambers, 3371-A Wilcox Road, Lihu'e, Kaua'i, on Friday, April 9, 2010 at 9:56 a.m., after which the following members answered the call of the roll:

Honorable Daryl W. Kaneshiro
Honorable Bill "Kaipo" Asing
Honorable Tim Bynum
Honorable Jay Furfaro
Honorable Lani T. Kawahara
Honorable Derek S.K. Kawakami

Excused: Honorable Dickie Chang

Mr. Kaneshiro: Good morning and sorry for the delay; we've been having some technical problems with our contracted Hoike television series. I also wanted to give notice that we are having a video streaming by volunteering of *The Garden Island* newspaper. They volunteered to do this, so at this time I would like to call this budget review session into order. We have a quorum. We do have an excuse for Councilmember Mr. Chang, who'll be joining us later. With that, there's a process that I wanted to set forth, and basically it's for the public or those that are wanting to make testimony, you have an opportunity to do so, and also I wanted to explain the process that we're following, and we've done in previous budget sessions, and it's also for my colleagues. Basically, as I mentioned earlier, Hoike will be televising the budget overview, so the mayor will make his budget overview, it will be televised by Hoike. And I did send a memo out on March 8, and the memo was transmitted to all councilmembers on the schedule that Hoike will be televising. As I mentioned, for public testimony, all testimonies on the budget will be taken upfront before we go ahead and conduct our review. We'll have it upfront. The public will be allowed only to testify on the budget matter relating to the specific departments scheduled for that day. So again, we have a posted notice and agenda, and for today, just as an example, we'll be reviewing or have the mayor's overview, then we'll have office of economic development, office of the county attorney, and the prosecuting attorney and victim witness program. So the public will be allowed to speak upfront and make testimony; we'll allow the public to do so. And for my colleagues, once the department has completed their review and the council has conducted its questions and answers and so forth with the departmental personnel, before you know, we move on into the next department, the review department that we just did will...the personnel will be excused. So I want you to know that we're not going to have each department just sit here throughout the whole budget process. If councilmembers come up with questions that would relate back to that department, you can write it down, get it to me, and then you know, we can try to resolve those issues with those questions. But I don't want the department really staying here from first thing in the morning all the way to end. I mean it just doesn't make sense, because they have a lot of things they got to do too, so...and plus, you know, we're separated about a mile or two now, so we're a little farther away than previous times. So preferable, write your questions down, we'll get it to them, rather than try to call them to come back here. And as in the past, you know, we really don't review the departments line by line, or item by item, and we take the departments as a whole, as we've all done before, and again if there's questions that come up, write it down. We'll try to get the answer back as soon as we can. In fact, I'm going to try and work with the administration to get many of those back pretty fast. One more thing I wanted to bring up for my colleagues is that the issue of the county furlough plan will

be addressed on a separate day. We tentatively have that scheduled for April 20, so once we set the time and date and confirm with the administration, it will be...we'll have a proper notice and agenda on this item. So please if you could, try reserve your questions for the county's furlough plan for that specific date. Okay, so any questions with that before I begin and call the mayor up? Mr. Furfaro, go ahead.

Mr. Furfaro: Committee Chair, I understand your statement as it relates to the bargaining agreements and the furloughs and so forth, but can I assume that I could just in advance address the question; I don't need the answer, but that'll come up on your planned April 20 meeting?

Mr. Kaneshiro: That's correct, April 20.

Mr. Furfaro: I might find myself asking a few questions related there, but not looking for the answer.

Mr. Kaneshiro: Okay, and if, you know, as we go through departmental reviews, and if things like this pop up, write your questions down, so I can get it too and we can address that when we come to the April 20 meeting. So you know, we can move ahead and keep on a schedule. Mr. Bynum?

Mr. Bynum: And also regarding furloughs, I want to honor the...your chairmanship and how you want to handle it, but I know I had questions regarding furloughs for each department member. So when we follow up on the 20th, my expectation will be that department heads are here to address those questions.

Mr. Kaneshiro: Okay.

Mr. Bynum: And not just, you know, one...not just the mayor's office, but the departments can address their particulars on the 20th.

Mr. Kaneshiro: Yeah, and as I stated, you know, we can make it easier with the departments also that if you have some questions, go ahead and get me the questions too so we can really see specifically what department needs to be here at what certain time and schedule that too, rather than just having department heads sit around and we don't have any questions for them, so... And I appreciate that, Mr. Bynum, and we'll go ahead...

Mr. Furfaro: May I clarify my statement? My comments, Mr. Bynum, I'm talking about the general process of the negotiation, that kind of questions. I still anticipate individual department questions, but overall, what that umbrella is.

Mr. Kaneshiro: Okay, any other questions for the chair on the procedures? If not, I'm going to call the mayor up, and good morning mayor. We'll have the mayor present his overview at this time.

OVERVIEW

Mr. Kaneshiro: Good morning Mister Mayor.

BERNARD CARVALHO, Mayor: Good morning, good morning.

Mr. Kaneshiro: Aloha Friday.

Mayor Carvalho: Okay, so budget and finance chair committee chair Kaneshiro, members of the county council, good morning and aloha.

(Everyone in unison) Aloha.

Mayor Carvalho: Yes, it's nice to start aloha Friday with aloha. Before I start on my overview, just wanted to express to you folks how very challenging this whole process has been for all of us, and I really want to emphasize that I truly understand the challenges we all have. And this budget that is before you for your review and discussion, as my responsibility as mayor is to provide you with a balanced budget, and we've done that. Now the discussions begin, individually for myself, along with our individual department heads, and I just want to say that our individual departments have really tried their best to meet the requirements that we set forth and my overview will show you that. I also want to make mention that we tried to look at all areas of the budget and see how we could really find a balance between the different areas, whether it be cutting here, adding here, services here, and so on. So it was our intent as a department, as a administration, to really sort through all the different areas and seek every way possible to look at ways to balance the budget, and at the same time, offer the balance and the opportunity for our people of Kaua'i and Niihau.

Our total operating budget for this fiscal 2011 is 146.2 million, which is 5 percent lower than fiscal 2010, and 7 percent lower than fiscal 09, so we've been in this process, as you can see, with the overall operating budget. We broke it down into different areas, like I mentioned earlier, different teams. A commitment to reducing expenses, of course at the forefront, gaining efficiencies, at the same time maintaining core services, focusing on key initiatives that we feel is very critical in how we move forward, and then building a foundation for greater stability in the future. So those are the areas that we were very mindful of as went step by step in our marathon meetings that we had, numerous meetings, to get to a budget that we can talk about. As you all know, revenues reduced 6.4 percent from the current fiscal year, and our real property taxes of course down 9.6 percent, or 8.7 million dollars. So again, the valuations and all the different issues that we have to have before us have been definitely looked at. And at the same time, our fixed cost increases in the overall budget with the health and related costs at 2 million, and the collective bargaining raises for SHOPO and our firefighters at 1.2 million. So that's a fixed cost.

Some of our cutting measures that we looked at and I believe we just cannot cut, cut, cut, that's why we had to really look at a good cross section of areas and options so we can find that balance that is so critically needed in moving forward. We did talk and I appreciate the discussion on the furlough program that we are really looking into right now in trying to sort through all the different options per department, and I appreciate that we're able to defer that full discussion to a later date, because there's so much information, and we're all working closely, not only within our own county, we're talking to Maui and Hawai'i and Honolulu counties and our staff really working with them and to see how we can collectively address this overall part in what we're trying to do. So it is in the budget. We did submit for a 2-day furlough, so the plan right now is addressing a 2-day furlough, and with the estimated cost savings of approximately 4.3 million. So I'll leave that for now and move on to the next area.

We looked at short funding positions. We asked and sought within our departments to hold off on hiring of positions that we felt fall into this area. So in other words, short funding means that we wouldn't be able to hire for the first quarter of the fiscal; hire would begin like October 1, which is the second quarter. And so some of the position would fall into that particular category, if you will, and so we were able to really sort through some of the positions that fall into this area, resulting in approximately \$400,000. So again, these positions would be available for beginning the hiring process in October.

Dollar funding vacancies. Positions exist, obviously, but there's no salary provided. We don't lose the position, the position is there. Our current year budget, we've dollar funded 35 positions. We'll continue to dollar fund and look at that process next year. We will add an additional 13 positions under this particular area as we look at ways and try to really look at not cutting...being very mindful of the service and the output that is so critical in many of the operational parts that we do as service to the community. But these are the positions with a total of about 1.8 million in this particular area.

Mayor and appointed department heads. I did say from the beginning, we're not seeking no raises, and with a savings of approximately \$160,000. Debt restructuring, we did a one-time savings of 8 million; we look at how to manage ourselves with the different projects that we have. Solid waste overtime reduction, we look at that as well, and again, trying to look at a good cross section of ways to really look and manage and be accountable to what we need to do. Our current services would go down from a 7 day to 6 days, or shut down the refuse stations one day a week, and going from a 10-hour workday to an 8-hour workday. And again, working closely within our departments to see how that would...how we can manage that, and that's going to be an impact on the community, so we really need to look at how we're going to manage that. But we felt that this will be an area that we could really move on. So again, the 7 days per week would go down to 6 days, and 10 hour workdays to 8 hour workdays. The landfill would remain open 7 days a week, but however, we would also reduce from a 10-hour workday to an 8-hour workday. And again, so just wanted to make sure you folks are clear on that.

Our training cutbacks, trying our very, very best to address our training opportunities and making sure that our staff has that option and opportunity through technology and trying to see how we can really manage ourselves with ...through technology via videoconferencing, by phone, or whatever it would take to look at our cost cutting measures regarding training, and partnering with other State agencies who can really help us follow through on the training aspect, around 50,000 or so. A reduction in the special counsel budget. I really proud of our attorney's office. We have assembled a great team of attorneys who help all of us in our daily operations, our daily business, and we assembled a good team. We've only twice needed special counsel within this time, so we've saved \$285,000 there. And I share with you some of the amounts so you can see how we're trying to hold here and move here and try to touch here, every little bit matters, especially in this critical critical time. Our summer intern program, we put a hold on the summer interns program, not summer enrichment, formerly summer fun, summer intern, which is the interns that we hire to service the county departments. However, I did want to continue with the cost sharing program. And this cost sharing program, we have 15 positions where we the county would partner with the business community and share in the cost of that particular intern's salary. So it'll be half-half, fifty-fifty. I did speak to some of the businesses and have showed...hopefully we can all work together and really get our young people home and I always tell them it's not about the money, it's about the experience that you're going to get down the road. So we can really work in partnership and hire these young interns, we the county, you the business, whatever business. I believe that this could help our efforts to address our young people, and at the same time, cost have a savings there within our budget.

I want to move into our efficiency measures. We talked about our cost cutting measures, now we're going to go into efficiency measures. Our automated refuse collection, we're going to begin that service coming up July...mid-July/August. We just had a...we were able to secure all the information, working closely with the UPW team. We're servicing 3200 households in the Līhu'e area, followed by a roll-off of an additional 3200 households in the Westside, whatever part of the island as we need to roll it out. The benefits, of course, would be less manpower per route, cover routes is more expedient, it's about quality and efficiency, and at the same time reduce worker's compensation and possible industrial claims. So there's a whole mixture of things there. But to me,

you know, by having this great opportunity also allows more resources and additional support elsewhere within the organization. So that's a good thing.

Our CIP program management, very, very critical. I really want to get a good grasp on our CIP program. There's so many projects that are funded but have been not able to move, and so to begin with our CIP project management program, we did put out and went out for a 60 million dollar bond float, which we received, of course through the efforts of our team from Kaua'i made up of you, committee chair Kaneshiro, and all of our finance team. And so going over to San Francisco to relay our message and deliver our message. Now, okay, so we got the 60 million, now what? We set the criteria to our department heads, and in order to make this listing of projects within this 60 million bond float, we set a timeline of two years. Within a 2-year period, we'd like to have these projects moving. Now moving means what? You can down every step of the way, and I'm hoping that we can detail that out as we begin our discussions, but the overall message is that we need to get a better grasp on our projects. In our bond float projects, which again is a total of 60 million, a mixture of infrastructure upgrades, facilities, etc., etc. within the particular package. It'll help obviously the whole emphasis here, the idea, is to get these projects out so we can create jobs, jobs, jobs, and that's where we wanted to stimulate the economy. We're trying to do it with support from outside, whether it be the federal government or what have you, but what we going do to take care ourselves home as well in managing ourselves to get those projects moving.

Proposing a new position, yes, there's a new position within this budget which will help us, I feel, overall. And I'm saying overall countywide projects, not just one particular department, will help us to really give a good oversight and management and understanding and follow through and commitment and tracking of all the different projects that we have on the table as we speak, and we need to make a good concerted effort I believe to make sure that we detail those projects and give you the councilmembers the information that you need on a quarterly basis or whatever it is. And I going say that in order for us to keep on track on this critical process that going help not only us internally as far as we moving, but of course the people in getting jobs out there. We began the process already internally of using PID document process, which is a project information document. It's a standardizing how we manage our projects, and within this form, the bottom line is the form or this particular process will detail out each and every project down to the background, the scope of work, the budget, the timeline, the who, what, when, where, why, the goals, the objectives, I don't care if it's a bridge, if it's a roadway, if it's a pavilion, if it's a restroom, if it's a park facility, every project will have to be detailed out so we as decision makers will be able to look at that information. Now it's critical that we take this program and this type of format and have someone follow through, update, so we have hands-on information on each of the projects that we set forth and we say we going to do. So this particular process has begun. We're working through it. There's lot of kinks along the way, but my message to our department heads and our chief executives is that when you walk in the door for our budget sessions, make sure that your PID information is in place. When I asked about Opaekaa bridge, that Opaekaa bridge is going to be...this is the timeline we've set, this is the funding stream, State, federal, STIP. If not, where is this project going to start, when is it going to end, where is the design/build, where does it go to construction, how does it lay out. The entire picture of one step at a time in order of us to be held accountable for the projects that have been sitting for so long, and I not pointing fingers at anybody. All I'm trying to do is see how we can bring it to the forefront so when we make decisions collectively that we can make decisions based on information before us. So I'm really strong on that, and I think that we need to really be up on that.

In addition to the 60 million that we have in the bond float, we have an additional 40 million in CIP general fund projects as well. So my message to our team was to, okay with these particular projects, tell me which projects that can be completed from July 1, 2010 to June 30, 2011, which a one year period. How far along is this project, where do we need to move funds from one project to the next so that this one can be finished and hold off on this one because this one can't be finished, and what other resources do we have so we can move these projects up the list. So there's a track

here. There's a 60 million bond float. There's a 40 million track here for CIP general fund projects, and then the other stuff that just comes on a daily basis. By the way, we got to be very mindful, and I'm telling our staff, and I'm very mindful, yes we have many projects, but we also got to be very mindful of our daily operational concerns and responsibilities, the daily operational stuff that comes. So we trying to balance all of that, but not lose sight that you may have your daily needs and wants and how we got to address that, and that's critical, but we cannot forget this too. So it's how to balance this two critical management pieces so it moves and doesn't stop, that's my main concern in moving on how we manage and how we move on our CIP management program. And I saying that all planning, you got to fill out a PID too, because I want to see where is this at, what is the next step, where's the CZO coming out, how far along are we, where's the general plan update, what is the part of the general plan and where is it laid out so we can understand in order for us to make decisions. And so it's critical and we're trying to relay that message to our team members how critical it is because it's difficult for you and I, councilmembers and all of us, to make our decisions and then the output to the people. So I'm really wanting to stress that, and it will...

And now, the next...the last part of that, so you got the bond, the general fund, now you got the projects that I ask them, and tell me which projects just cannot, just cannot, mayor, it just cannot happen. Okay, now those are the projects we need to look at for outside support, and I want to look at that too. So there's the balance about an in in-house what is realistic, and then what is that outside professional support we can get to at least get these projects on the road, and then we can punt it back to some of our key leaders...team members to move on it. So there's this whole process in place that is so critical in us addressing what we need to do in how we manage ourselves in addressing our overall concerns and commitments to these projects. It's critical.

So the next part is the hybrid vehicles, and so I'm really happy that we're able to secure...I believe was 15 or 14 new hybrids as we move into being more efficient, and we also have a new bus coming online now. So I told...working closely with our transportation agency to look at what is on the road, should be looking at more hybrid buses. So we're going through a trial period right now, but the point being that we are looking at being as efficient as we can in all areas. So the cars, the training of our auto shop, just met with them the other day, they had concerns about training. So we need to look at that too overall as we move forward in dealing with our efficiency program. County facilities renewable retrofits 1.5 million in our CIP budget. Very shortly we'll be placing photovoltaic retrofits on our county building...Piikoi, and so that's one step, and I'm sure you folks know about that one. We also ask in the budget for an additional \$600,000 from our parks and recreation Spouting Horn fund to allocate that for two neighborhood centers to upgrade and retrofit those centers as well, because I felt that that's another way of addressing our parks and recreation facilities and using some of that funding to get us up to standards in that area. So that's it within the budget. We will complete the Lihu'e civic center, plus the two neighborhood centers by next year. I want to get that moving.

Performance contract, office of economic development will lead the way to engage an energy service company. Yes we did a study, but I want to know park lights, parking lights, lights that are on and off, lights that are night lights, what are our energy efficient overview, and the good, good, good contract and study on how we're going to really look at managing what is the true output of responsibilities we got to follow up so we can make good decisions. An RFP will be issued this August and we need to implement new efficient technology so offset the cost of financing, installing, operating, and operating that technology. So it's all of this stuff that is happening all at the forefront, and try to see how we can manage ourselves through this particular study.

The next area is revenue enhancements. Now Kaua'i doesn't really charge for many services, we're kind of...and we all acknowledge that. So in order to find that balance, we looked at two measures in this fiscal year 11. The first one is a vehicle registration fee. Kaua'i's the only county that does not impose this fee. The proposed fee is \$12 per year for the counties, which would give us

an estimated \$919,000 based upon this vehicle registration fee which we the county do not assess at this time. Driver's license renewal. This is the last time this fee was adjusted was in 1987, 23 years ago, the increase of a dollar fifty per year to four dollars per year, six-year renewal twenty-four dollars. It would bring us approximately \$200,000. So again, it shows you trying to balance it out. You raise little bit here, you cut here, you add here, you efficient here, and all the different ways to look at a balanced approach as we move to the next level. Our annual revenue stream for this particular is around \$200,000 for this particular fee increase.

Some of the critical projects I just want to make mention. Number one, the landfill siting. Working closely on that, we'll be revealing what we need to do shortly. I did say get dates and stuff, but it's been very tough on this and at the same time wanted to really manage this and look at this and make sure I have all information in place before we come out, and that's been a challenge, but we're going to make it happen. Our diversion efforts, the purchase of additional home composting bins, funding for electronic recycling, which was a great, great thing that happened this past months that happened, and we're going to continue with that. Extending the curbside recycling, we had it in there for six months; in the budget we have it for a year. And I felt that we needed to extend that to give us more time to manage that, look at it, dissect it, look at the post, pre-survey and post survey and get the information so we can look at how we manage ourselves and move forward. We also added in a additional solid waste specialist position I. We felt that we needed to add a little more support there as pressure with all the different concerns and issues and diversion programs and solid waste and all that big things that are happening within this particular division. So we felt that by keeping the people we have, moving people up in place where they deserve, moving them in places that going help them and enhance them and keep them moving in the areas that need to be and providing the support from the bottom is so critical, and I felt that we need to empower our in-house staff first and look at giving them the support that they need, teach, coach, and help as we move forward towards this critical part of our overall operations with this solid waste.

Oh, and another part, in an effort to do outreach to the community, trying to work with the different groups and organizations who have major concerns regarding recycling and diversion efforts, a \$20,000 opportunity in a grant to a nonprofit entity who chooses to be part of this overall plan and program, and giving the community now a chance to step to the plate and see how they can work with an opportunity like this to encourage partnership, encourage working together, and understanding how important that their role... They're saying, you know, there's lot of concerns out there, so this is the chance now, I felt, to offer that. In a way, it will be a win-win for all, so there's a 20,000 opportunity there for nonprofit entity.

Helicopter lease. I support that, we support that, I believe it is critical for training, certification, safety, done. And that's just my overall stance on that. Food sustainability initiatives, a Kaua'i beef...raised beef program. We did supply \$42,000 grant this past year, and we looking at an additional 30,000. The idea of really getting to the point we're going to have our own processing facility. So important again in supporting our ranchers, but they need to have that at the foresight and make it real. It's been in this talk, talk, talk, talk, talk, so let's work it as a team and with all the different ranchers in place, the task was to get them all at the table first, and I believe we've done that, so I hope we're on the same track. So looking at how to support our ranchers, and that facility is so important to help us move in our efforts to do locally grown processed beef.

A Kaua'i grown program moving very well, good partnership. The Kaua'i logo is already done, ready to move out, \$20,000 grant included for marketing and outreach, locally grown produce in stores, being very mindful of our mom and pop stores, and our new stores that are popping up, and how we going really incorporate this whole new program within the various markets and businesses throughout our community.

Coast erosion studies. We have two studies in there. I'm funding for the Kapa'a and Po'ipū. Now as you all know, there's all this issues regarding erosion that's happening around our island, so we really wanted to take a good look at that. It was to begin to be very mindful of our erosion issues countywide, so it's in there. And then finally, the CIP, the 40 million I talked about, from insulation of new playgrounds at parks. I'm hoping that one day all of our parks, every single park, will have a playground, some kind equipment for people, because people need to get out and walk and be part of the community, even if it's a passive park, some kind of equipment that can help stimulate our families and our neighbors to come out and just talk story, and will be...even if it's a small area. So let's look at that. Design work for critical bridge bridges. We have an important need to address our bridges on this island. Water is another big issue that we need to be very mindful of, so looking at neighborhood center upgrade, lighting retrofits, and of course being in compliance with our ADA improvement work is another part that is encapsulated in all of this. So I thank you so much for your time. I really want to say I look forward to respectful and healthy discussion as we move forward. Our team members are ready and willing, and they'll be coming up shortly in individual sessions with you folks, but I really thank you for your time and your efforts, and really working closely, Councilmembers, to see how we can really move and get things going, and making sure that we can give you, and I'm very strong on this with our staff members, the information you need, upfront and open, and then go with that. And it's challenging our administrative team right in back of me to make sure that it's not this and that, it's just information that is so critical to be upfront with. So thank you so much committee chair Kaneshiro, and again, I look forward to healthy and respectful dialogue and conversation and talk story. Aloha.

Mr. Kaneshiro: Thank you very much, Mayor, for the overview of the county's and the mayor's proposal. With that, I will open up question from my colleagues on the mayor's overview. Mr. Furfaro, go ahead.

Mr. Furfaro: Thank you committee chair. Mr. Mayor, I want to say to you I thank you very much for the overview you gave, and I do want to pledge my support to, you know, the outline you've given to us today, and I think you're correct—it's one that we all need to work closely together with, and it's going to be a difficult, difficult period. I do want to take a moment if I can just to touch on a few things. I don't need to get into discussion...I want you to be aware that I will be pursuing as we go into the next two weeks with a certain group of your department heads and some of the things I would like to participate and help out with where I can. First of all, I think your approach to get the \$60 million bond money and the 40 million in CIP into the economy of this county is extremely important, and we need to be working on our 9.7 percent unemployment factor. So I think you point out our opportunities there. There are a couple other opportunities that I do want to...and there are challenges as well. In finance, I was seeing the material today, Hawai'i is up to almost 8 percent of foreclosure rate in the housing market—that concerns me that we might find a number of delinquencies as it relates to taxes, and we perhaps need to be prepared on what our steps are on collection and making sure that documentation has occurred with those financial institutions that we can certainly achieve moneys that are owed to us before they move on and getting a hand of other people. It's a very unfortunate situation, but I think by the time we get to a 90 day notice we've got to move a little quicker than we have in the past, just under the circumstances that exist right now. Enforcement will also be an issue both with building, both planning, and so forth, as well as this unfortunate collection piece. So maybe something we should consider and I'll be talking with the county attorney there, we might want to look at the possibility of assisting him with another attorney that could be specifically earmarked to help on enforcement and collections as we go through this difficult period. I just wanted to share that with you.

I also want to say we have an opportunity with the recent charter amendment with the county auditor, which is actually established as a liaison under the legislative body of the council...which is the council, and you know, their mission certainly would be to piggyback right into your plan on the project management issues that you describe, which are way overdue in my opinion,

but in fact the auditors could be a very key part of that. Their staffing, though, will be and should be the oversight of this council. You know, it's like looking at Marion Higa's department in Honolulu, her budget isn't necessarily under the jurisdiction of Governor Lingle. She kind of functions independently and reports to the legislature, but they can be of tremendous asset I think going forward in helping you in that project management oversight.

On the labor negotiations, and as I said to the chair, these are some of the questions I'd be looking forward to in our...(April 20 did you say?)...April 20 session. Could you expand on that or somewhat expand on that when we talk about how do we declare who are essential staff? I see you've addressed part of that in your approach on the 6-day work in the wastewater and so forth, but how is that functioning like with the water department and so forth. I would like to know, you know, what did your administration negotiate jointly with everybody, and what is left for our ability to really negotiate some side agreements on what you think and the council thinks are some essential positions, you know, especially when it comes to public safety, water, and health on our island. And I'm very glad to hear you touch on that, but I would like to hear more on April 20.

You touched on the helicopter acquisition, and yet I don't think we actually got a timetable on the cash needs in the initial deposit, is there a manufacture timetable once we place the order, and so forth. And yet I know we earmarked some money for the balance of this year, but I would like to...when we get to fire, I'd like to hear a little bit more of that. And it is my understanding and I think you confirmed with the 1.2 million for public safety and police and fire that they still have one more year on their contract, and I guess that's the number you calculated is the impact of police and fire. I would also like to point out, and I just offer this as something we may want to discuss. We have \$900,000 budgeted for the general plan update. I personally think we have a number of things in the current general plan that the community wanted implemented and certain controls put in place, and the council has been working on exit strategies with ADUs and so forth. My question I might pose is do we need to initiate that cost on a new general plan or would we initiate maybe a contract for half that amount of money and actually review the plan we have now and see what has changed and what we have to fix. I just would like to share that as an opportunity to save some money. I mean we have an award-winning general plan; maybe it needs a review rather than a new plan, and the State code only says we need to review our general plan every 10 years. It doesn't necessarily mandate that we have a new general plan, but we do need some refinements, I believe, because things have changed.

You touched on the bargaining unit pieces, but I'd like to on April 20 hear a little bit more on how we're approaching appointed employees, people that are not covered under HGEA and UPW; appointed positions that I think we need to be very appropriately doing a level playing field for all of those employees. If it's a 7 percent reduction in salaries and so forth, then you know, we should be looking at that across the board. I think that was the percentage overall you indicated that was the operating cut, 7 percent. So I just use that for the discussion.

On the revenue cycles, there is opportunity for us to diversify our economy a little bit and I would like to probably pursue this a little bit more with Mr. Costa as it relates to a packaging plant for beef produced on this island. I think we have slaughterhouse, but I would like to see an opportunity to focus on maybe exporting some Kaua'i products in those areas. I think we have a presentation in a week on a update o the energy plan, but I would strongly recommend on your comments dealing with energy that we need to have an idea on the baseline, the total kilowatts consumed from government operations, so that when we find this person that's going to help us manage and control that, we first have a baseline to do the comparison and monitor how we are improving.

I like this idea about the short funding—see if we can postpone certain things for 90 days, but I don't want to shortchange us either, and I heard that clear in your message about maintain

certain services, so that's going to need some more scrutiny, I think, department by department. But overall I wanted to thank you for your presentation and let you know you certainly have my support in any way I can help on the council to accomplish the goals you've outlined for the county of Kaua'i. Thank you Mr. Mayor, thank you chairman.

Mr. Kaneshiro: Thank you. Anyone else has some questions for the mayor?
Mr. Bynum.

Mr. Bynum: Good morning, Mayor.

Mayor Carvalho: Good morning.

Mr. Bynum: Thanks for being here today and appreciate your presentation very much. It's a very unique budget year for all of us, and but we have to start the process, and you've made some assumptions in your budget in terms of... So I just want to point out a couple of those, maybe give a heads up on some of the questions I have, not that you necessarily need to answer them now, but and...but the first thing is you presented a proposed tax rate that sees no increases or changes in the current tax rates at this time. And that's different than other counties, many of whom have already done rate changes or...because when we look at...as you've eloquently said, making sure we have a base level of services that doesn't fall below a certain area and deal within our resources, and the choices are basically cuts or revenue enhancements, and you've announced some of those in terms of the licensing and fees. But you know, our biggest revenue lever is property tax, and last term we had a property tax reform proposal that looked to do a comprehensive overview, and I think during that...and from my perspective unfortunately that didn't pass. But during that discussion, I think it was clear to everyone that there were areas where there wasn't as much equity as necessary in terms of the way we do taxation. So you know, I know in the future and in this budget year not knowing what the legislature is going to do with our TAT, and your budget assumes that it remains at last year's levels. We're all hoping that's the case. I really appreciate that the mayors and the administration have made our argument to the legislature that it's reasonable and appropriate that we maintain a portion of the TAT because visitors impact our services. So you know, those are some of the unknown things—exactly... So I'm assuming, mayor, that changes in revenue, changes in the way you cut are all part of an open process, right. Because if the legislature reduces our TAT that's a big hole we have to fill, and I don't know that we could fill it all with cuts. The...so I will have questions about revenue, especially as we go into the second round of this.

In terms of the CIP projects, I couldn't be more thrilled on your attention that the administration has paid to the CIP projects and the initiative that you're announcing. I will have questions about this position you're suggesting, where it's housed, at what level it is, what their scope of work is, that kind of thing, but to have a comprehensive overview of our CIP projects is long overdue, and I very much appreciate the initiative of the administration that you've already taken, and to have that as one of the few new positions seems logical. You know, without going into details, I just looking at the CIP budget, just as one example, you know, Isenberg park bathroom improvement, I believe that's been on the schedule for 5 or 6 years, and so your efforts to say wait a minute, who's responsible for this, what's the timeline, if it's not viable let's get it off this list, you know, and prioritizing is very much appreciated.

I also am going to have a lot of questions about personnel, because it's a difficult year, because...and I applaud the initiative you took last year at reducing our workforce, dollar funding positions, freezing positions, but I think it's very important for our employees, for our community and for the council to have, as we go through this process, a clear idea where are there vacancies and what is the administration's intent in terms of filling those vacancies. You know, I'm coming from the assumption that a dollar funded position anticipates that it's unlikely that position will be filled

during the current fiscal year, that a short funded position, you know, that won't...clearly won't be filled for three months of the fiscal year because there won't be funding for it. But you know, one of my questions, does that mean that department heads can count on when the funding is in that they can hire that position. The vacancies that are fully funded but we have vacancies, you know, can the department heads hire those positions, because it's difficult to do new hires at the same time you're asking employees to cut their hours, and it's logical to me and (inaudible) would say hey just keep me working, don't fill this new position, right. So I think for that it's important to get clarity with that, and I'll be seeking that during this budget process.

You know, I certainly had questions for each department member related to how they would implement furloughs, and I'm going to honor our budget chair saying that he set aside special time for that. But I said earlier that my expectation is that when we have that discussion that department heads will be here. Do you agree with that?

Mayor Carvalho: I agree the overall presentation.

Mr. Bynum: And my question was when we have that presentation, will department heads be here to address their specific departments.

Mayor Carvalho: Yes.

Mr. Bynum: Yes, thank you, and also, I believe my understanding is that are contract negotiations with HGEA and UPW allow us to implement up to two days furloughs. They don't require us to implement that level of furloughs, is that correct? And so just to piggyback on what Councilmember Furfaro said, to have a clear understanding, because we have public safety issues where I would...I'm assuming that we won't have furloughs in some positions, because of the need to keep us on the standard of public safety. And so having clarity about what positions get furloughed and what don't are important in that. So those are my comments, and overall I'm very pleased with the administration and the council last year being proactive to deal with these difficult economic times and putting us in a little better place than we might have been if we didn't move soon, and I really appreciate your leadership on that. Thank you.

Mr. Kaneshiro: Anyone else, or any other members have a question for the mayor or would like to comment on the mayor's overview? Mr. Kawakami go ahead.

Mr. Kawakami: Thank you Mr. Chair, thank you Mayor. A couple comments. I'd like to begin by saying God grant me the serenity to accept the things that I cannot change, to have the courage...to have the courage to change the things that I can, and to have the wisdom to know the difference. And that being said, there are going to be many things that are out of our hands. For the most part, losing some of our revenue in the forms of TAT, we can do what we can do by lobbying and having a voice, but for the most part, when it comes down to a vote, we have no votes, and so the things that we cannot change, we must be willing to accept. Now the things that we can change, we must maintain the courage and to have the wisdom to know the difference, so that we can allocate our energies towards moving towards a positive result for the counties, and I want to thank you for maintaining an open discussion with the council for answering our questions when we have questions, and for being very transparent in your spending.

A couple comments, I want to also thank you for giving us an overview on expense reduction and efficiency improvements. Those are the low hanging fruit. Before we contemplate raising fees and drawing more money from our public, I think we need to address the low hanging fruit, and from my opinion, it is an expense reduction and efficiency improvements. How do we cut expenses? How do we capitalize on being more efficient? How do we build upon our strengths? How do we address our weaknesses? How do we capitalize and seize opportunities during these tough times, to be able

to seize the opportunity, and how do we nullify our threats. These are all questions that we must ask ourselves during this process, and we must always have in the forefront of this, in the front of our minds, that the reality is that the initiatives that we embark on are built upon the backs of our working class people, our working class families who have had to ask the same difficult questions, who have had to make the same sacrifices in order to maintain a balanced budget within their own households. So let's keep that in the front of our minds that every dollar we spend is borne from the blood, sweat, and tears of our working class people, and we must be responsible in our spending moving forward. Let us also not forget the simple fact that even though the nation, the nation and the world's economy may be improving, because of the delay we are in quite a different situation, especially with some of our revenue at stake. So we must be always cognizant of our spending. We must spend every dollar like it's coming from own pocket, because these are money and dollars that are from the pockets of our working class people. I want to thank you for coming with a budget that shows some of your efficiency improvements. I want to thank you for looking at where you could cut, because those are very difficult decisions to make. But the right decision, yeah, the right decisions are oftentimes not the most popular decisions, but they are necessary to strengthen our community, they are necessary to get us out of this rut, and it takes courage, and it's going to take courage to get through this.

So we'll be going through your budget. We'll be asking ourselves the same questions that you have had to contemplate, and we will also be looking at ways where we can become more efficient, and where we can cut expenses. Thank you Mr. Mayor.

Mr. Kaneshiro: Thank you. Any other members have any comments or questions for the mayor? Mr. Chair.

Council Chair Asing: Thank you. First of all, Mayor, thank you very much for the overview. I share all the same concerns that...excuse me. Thank you Mayor for your overall overview, and I guess we have some work cut out for us, all of us, both yourselves and ourselves. I share the same concerns as you share, together with councilmembers. On the area of furloughs we will be discussing that I believe on the 20th of April, so I won't go into any detail either. But I do understand that there has been studies done on the mainland, especially in California, which shows that furloughs may not be savings; it may be more costly than savings, and these are actual studies that have been conducted in California with their recent problems on furloughs. And the question and like I...all members said, we don't need the answer right now, but I am not sure whether the furlough process has been cleared legally with the unions, I don't know. You probably know much more than I do, but I'd like to have an answer to that question later on when you go through that. I also notice in your budget message, which was dated March 15, looking at priority projects.

I note that, and I'm going to read it: landfill siting activities, following our two public meetings in Kalaheo last year, we will continue with landfill siting activities. I expect to make an announcement in the next 30 days regarding what our next steps on that process will be. This to me has been a long, long, long ongoing problem, the landfill siting issue. And so I would want to have some clarification as to exactly where we're going, and I note that, you know, you have the next 30 days, which this is dated March 15, so I will be expecting something soon.

Other than that, it's...I know it's going to be a very challenging year, and I will be looking forward to working closely with you and administration. I would have one suggestion that I'd like to make, and that is when the departments come up to make their presentation that they give us a copy of what they're reading from. It's difficult to sit here and start writing down things that the department or yourself have on hand with you and try to follow, when in fact you have the information, and if we have it also, it's just easy to follow and we can check off and put our remarks on as we go along, so it'll be easier to work together. Other than that, I don't have any other comments. Thank you Mr. Chair. Thank you Mr. Mayor.

Mr. Kaneshiro: Thank you. Anyone else wanting to comment? If not, Mayor, again, I thank you for your overview, and you also have my (inaudible) that especially with tough times like this that we'll be working closely to bring whatever services and come out with the best budget we can. And I know, you know, it's going be real critical over the next 30, 40 days which the legislature comes up with their proposals, and we all need to be mindful that there could possibly be a shortfall in this current budget that you submitted to us. But in all respect, you know, I will...we will work closely with you as we've done in the past to come out with a real good balanced budget that we can make, you know, all of this reality come together for the people of the island. Thank you very much, Mayor.

Mayor Carvalho: Mahalo to all of you. Aloha.

Mr. Kaneshiro: We're in recess at this time. Take a 5 minute recess.

The Mayor's FY 2010-2011 Budget Overview concluded at 10:58 a.m., and there being no objections, the Chair recessed the reviews.